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## CENTRAL INTELLIGENCE AGENCY

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COUNTRY Yugoslavia

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Official Yugoslav Attitude towards

Eastern Trade

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1. For reasons "not only of prestige but also of principle", the Yugoslav Government remains categorically opposed to trading with the East. Any suggestion that there has been a recent change in this policy, and that today Yugoslavia is interested in some form of economic rapprochement with the East, is entirely erroneous.

2.

- There are three grades of officials in Belgrade who are concerned with this problem of trade with the Easts
  - The ministers of the Government; including Marshal Tito and Kardelj, who are "decisively and irrevocably" opposed to Eastern trading.
  - The competent authorities whose duty it is to enforce this policy, and who insist on "Western certificates" for Yugoslav exports.
  - The directors of the trading firms, who realize that they should not sell to the East, but who are often indifferent to the ultimate destination of the goods they sell. Many of these directors are only concerned with obtaining the best prices possible for their goods and are not in the least interested if the Western buyer resells to the Easte
- This indifference of the directors of the trading firms may sometimes be misinterpreted as reflecting a change in official Yugoslav policy. In fact, the Yugoslav Government and senior economic officials are greatly concerned to combat this indifference and its results. Where triangular Yugoslav/Bast

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	deals are effected through a Western intermediary with the connivance of the Yugoslav directors, action is being taken against them. Where there is no connivance, or it cannot be proved, Belgrade officials are eager to
1	obtain full details of the deals, the intermediaries, and the methods used so that repetitions can be avoided.
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8.	The present official Yugoslav policy is reflected in the latest instructions given to the Interexport representative When negotiating currency switch transactions, he is to take the utmost precautions to see that they do not result in undesirable Eastern trade.

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